

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

THE EFFECTS OF THE FEDERAL TAX)
REFORM ACT OF 1986 ON THE RATES)
OF THE UNION LIGHT, HEAT AND)
POWER COMPANY - ELECTRIC)

CASE NO. 9782

O R D E R

On January 6, 1988, the Union Light, Heat and Power Company ("ULH&P") filed an application to amend the time-of-day rates approved by the Commission's Order of December 9, 1987, in this case. The Commission's Order approved rates filed by ULH&P which were intended to pass through to its customers the net effect of the reduced purchased power costs from its supplier, Cincinnati Gas and Electric Company, and the additional revenue resulting from the interest imputation adjustment granted on rehearing in this case.

In testing the rate change implementation process, ULH&P discovered that an error existed which understated the on-peak billing demands of its two time-of-day rates, Rate DT, Time-of-Day Rate for Service at Distribution Voltage, and Rate TT, Time-of-Day Rate for Service at Transmission Voltage. This has resulted in rate reductions which are greater than they should be to flow through the net reduction effected by the reduced purchased power

costs and the interest imputation adjustment. The original approved rate reductions per kilowatt were \$1.36 and \$1.40 for Rate DT and TT, respectively. The correct rate reductions per kilowatt should be \$0.65 and \$0.68 for Rate DT and TT, respectively.

After reviewing the record in this case and being advised, the Commission is of the opinion and finds that:

1. The reduction per kilowatt for ULH&P's time-of-day rates, Rate DT and Rate TT, should be amended in accordance with the correct on-peak billing demands.

2. ULH&P should reconcile any amounts billed under the rate schedules approved by the Commission's Order of December 9, 1987, with the rates approved in this Order and adjust the customers' accounts accordingly.

IT IS THEREFORE ORDERED that:

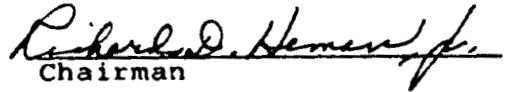
1. The rates in Appendix A are the approved rates for Rate DT and Rate TT effective January 4, 1988.

2. ULH&P shall reconcile any amounts billed under the rate schedules approved by the Commission's Order of December 9, 1987, with the rates approved in this Order and adjust the customers' accounts accordingly.

3. Revised tariffs reflecting the rates set out in Appendix A shall be filed within 30 days from the date of this Order.

Done at Frankfort, Kentucky, this 15th day of January, 1988.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 9782 DATED January 15, 1988

The following rates and charges are prescribed for the customers in the area served by Union Light, Heat and Power Company. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

RATE DT

(TIME-OF-DAY RATE FOR SERVICE AT DISTRIBUTION VOLTAGE)

Net Monthly Bill

	<u>Summer</u>	<u>Winter</u>
Demand Charge On Peak KW	\$8.35 per KW	\$6.99 per KW

RATE TT

(TIME-OF-DAY RATE FOR SERVICE AT TRANSMISSION VOLTAGE)

Net Monthly Bill

	<u>Summer</u>	<u>Winter</u>
Demand Charge On Peak KW	\$5.47 per KW	\$4.54 per KW